

MOVING TO WORK DEMONSTRATION AGREEMENT

This Agreement is entered into by and between the United States of America through the Department of Housing and Urban Development ("HUD") and the Keene Housing Authority (the "Agency"). The term of this Agreement shall begin on the Date of Execution by HUD and continue for five (5) years unless otherwise specified herein.

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (the "1996 Appropriations Act") establishes the Public Housing/Section 8 Moving to Work Demonstration program ("MTW"); and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies ("PHAs") and the Secretary of the Department of Housing and Urban Development (the "Secretary") shall: have the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and increase housing choices for low-income families; and

WHEREAS, HUD may permit agencies to combine funds from several HUD programs, and may exempt agencies from existing public and Indian housing and Section 8 certificate and voucher rules under Moving to Work Demonstration authority; and

WHEREAS, the Secretary has the authority to select up to thirty (30) agencies that administer the public housing and Section 8 programs to participate in the Moving to Work demonstration program; and

WHEREAS, the Secretary has determined that the Agency's application satisfies the Secretary's selection criteria as set forth in the Notice of Moving to Work Demonstration program and invitation to apply, published December 18, 1996 (61 Fed. Reg. 66856), and selected the Agency to participate in the Moving to Work demonstration; and

WHEREAS, the parties have previously entered into one or more annual contributions contracts ("the ACCs") setting forth the terms and conditions under which the

Agency participates in the public housing and/or Section 8 certificate and voucher programs administered by HUD; and

WHEREAS, it is the aim of this demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, HUD and the Agency agree to fully cooperate with each other in order to make the MTW demonstration a success; and

WHEREAS, the parties desire to state the terms and conditions under which HUD will permit the Agency to participate in the Moving to Work Demonstration program as set forth in the Agency's HUD-approved Statement of Authorizations, attached hereto as Appendix . The Statement of Authorizations is hereby incorporated into this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

ARTICLE I. HUD Program Requirements and Other Federal Requirements.

A. This Agreement supersedes the terms and conditions of the ACCs and the provisions of the United States Housing Act of 1937 (the "1937 Act") and HUD requirements to the extent necessary for the Agency to implement its MTW demonstration, as approved by HUD in this Agreement. All authorizations contained in this Agreement are for the length of the demonstration only, unless otherwise specified. Except as necessary to implement the Agency's activities described in the Statement of Authorizations, the Agency is subject to the requirements of the ACCs, the 1937 Act, and other HUD requirements. Notwithstanding anything in this Agreement, the following provisions of the 1937 Act , as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2));
2. Section 18 of the 1937 Act (42 U.S.C. 1437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and

3. Section 12 of the 1937 Act (42 U.S.C. 1437j), governing wage rates, shall apply to housing assisted under MTW unless tenant-based assistance is the only assistance received by participating families and the housing in which they reside receives no other assistance.
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- B. To the extent described in the Statement of Authorizations, as applicable and as approved by HUD, the Agency may combine operating subsidies provided under Section 9 of the 1937 Act (42 U.S.C. 1437g), modernization funding provided under Section 14 of the 1937 Act (42 U.S.C. 1437l) and assistance provided under Section 8 of the 1937 Act for the certificate and voucher programs (42 U.S.C. 1437f) to fund HUD approved MTW activities.
 - C. Unless otherwise provided herein, this Agreement does not apply to Section 8 assistance that is required: (a) to meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 certificate and voucher program); (b) for payments to other PHAs under Section 8 portability billing procedures; or (c) to meet particular purposes for which HUD has expressly committed the assistance to the Agency.
 - D. The Agency agrees to comply with HUD requirements governing the MTW program. Such HUD requirements include, but are not limited to management, financial, accounting, or other requirements designed to adequately track and monitor the Agency's use of HUD assistance. Notwithstanding other provisions of this Agreement, the Agency will be required to submit reports and financial statements as necessary in forms prescribed by HUD.
 - E. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records and to submit reports and information to HUD as required of PHAs participating in the MTW program. Except as otherwise provided in this Agreement, the Agency shall submit an Annual Plan and Report as required by Section 5A of the 1937 Act (as amended), which shall include a separate section fully describing activities and uses of funding the Agency is undertaking through the MTW demonstration.
 - F. Pursuant to the 1996 Appropriations Act, the amount of assistance that the Agency receives for public housing operating subsidies, public housing modernization grants, and Section 8 assistance for certificates and vouchers will not be diminished by the Agency's participation in the MTW program.
 - G. Any HUD assistance that the Agency is authorized to use in the MTW demonstration must be used in accordance with the Agency's HUD-approved Statement of Authorizations (Appendix). The Agency hereby certifies that this Agreement has been approved by the Agency's governing board, and that a copy of such board approval has been provided to HUD.

- H. As required by the 1996 Appropriations Act, the Agency agrees that at least seventy-five percent (75%) of the families assisted by the Agency under the MTW demonstration program will be very low-income families. The Agency agrees to comply with the requirements of Section 16(a) (3) of the 1937 Act (as amended). The Agency agrees to continue to assist substantially the same number of eligible low-income families under MTW, and to maintain a comparable mix of families by family size, as would have been served or assisted if HUD funding sources had not been used under the MTW demonstration. The Agency agrees that housing assisted under MTW will meet housing quality standards established or approved by HUD.
- I. The Agency may adopt and implement any reasonable policies for setting rents for public housing, or rents or subsidy levels for tenant-based assistance, notwithstanding the U.S. Housing Act of 1937, provided that the Agency submits the policy to HUD annually, and upon any material change to the policy, and provided that:
1. the Agency's board approves of the policy, and any material changes, and approved an analysis of the impact of the policy on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households (such as an estimate of the number of households that would have rent burdens greater than 30 percent of adjusted income);
 2. the Agency reevaluates its rent and subsidy level policies annually, including preparing a revised impact analysis;
 3. the Agency adopts a policy for addressing hardship cases;
 4. the Agency provides a reasonable transition period for rent increases for existing tenants; and,
 5. a public hearing is held regarding the policy; provided however, that in the first year of the demonstration, this may be the same public hearing that was held regarding the Agency's MTW application, as long as the policy was included in the MTW application.

The rent policy, or any material changes to the rent policy will be effective upon submission to HUD of a board resolution as provided above. In the first year of the MTW demonstration, this may be the same board resolution as that approving the MTW Agreement.

- J. If applicable to activities under the Statement of Authorizations, the Agency agrees to provide HUD with any documentation that HUD needs to carry out its review under the National Environmental Policy Act (NEPA) and other related authorities and otherwise will assist HUD in complying with 24 CFR Part 50 environmental review procedures. The Agency further agrees (a) to carry out mitigating measures required by HUD or select an alternate eligible property, if permitted by HUD, and (b) not to acquire, rehabilitate, convert,

lease, repair or construct property, or commit HUD or local funds to program activities involving eligible property without HUD's approval under 24 CFR Part 50.

- K. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.

ARTICLE II. Revision and Termination of Agency MTW Program

- A. With written HUD approval, this Agreement and the Statement of Authorizations may be revised by the Agency during the course of the demonstration. The Agency shall request approval of a revision by written notification to HUD (delivered to the Office of Policy, Program, and Legislative Initiatives, or its successor, in the Office of Public and Indian Housing), accompanied by an approved board resolution, or equivalent, and certification that the Agency has satisfied all resident participation requirements. HUD will review proposed revisions within a reasonable period of time. When proposing amendments to this Agreement, the Agency will provide notice and a reasonable period within which residents may comment. The Agency will consider these comments prior to amending this Agreement.
- B. HUD will cooperate with the Agency to extend successful demonstration activities beyond the term of the MTW demonstration where feasible. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.
- C. At any time HUD may terminate this Agreement, and the Agency's MTW demonstration, or take any corrective or remedial action as described in Article III.C. of this Agreement, for Agency default, or other good cause as determined by HUD after providing the Agency with notice and a reasonable opportunity to be heard, unless HUD determines the nature of the default requires that HUD take immediate action.

ARTICLE III. Default.

- A. Definition of Default. Use of funds subject to this Agreement for a purpose other than as authorized by this Agreement; noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; other material breach of this Agreement; or a

material misrepresentation in the MTW Plan submission by the Agency shall be a default under this Agreement.

- B. HUD's Determination of Default. If HUD determines that the Agency is in default, HUD will give the Agency written notice of the default and of the corrective or remedial action required or ordered by HUD.
- C. Corrective or remedial actions HUD may require or order under this Agreement for Agency default include, but are not limited to the following:
1. Requiring the Agency to prepare and follow a HUD approved schedule of actions and/or a management plan for properly completing the activities approved under this Agreement;
 2. Canceling or revising the affected activities, revising the budget for activities as necessary, and substituting other eligible activities;
 3. Prohibiting payment or reimbursement for any MTW demonstration activities or for those activities affected by the default;
 4. Requiring reimbursement by the Agency to HUD for amounts used improperly.
 5. Terminating this Agreement;
 6. Changing the method of payment to the Agency;
 7. Suspending the Agency's authority to make draws or receive or use funds for affected activities;
 8. Reducing the Agency's funding in the amount affected by the default;
 9. Terminating the Agency's funding as to further activities under the MTW demonstration;
 10. Taking any other corrective or remedial action legally available; and
 11. Taking action, as applicable, pursuant to the Section 8 and/or public housing Annual Contributions Contract.

03/22/99

This Agreement is effective upon execution, except as otherwise provided herein.

KEENE HOUSING AUTHORITY

By PC Hubert

Its Executive Director

Date of Execution by Agency 3/23/99

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

By [Signature]

Its Assistant Secretary

Date of Execution by HUD 4/21/99

**APPENDIX
TO
MOVING TO WORK AGREEMENT
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
KEENE HOUSING AUTHORITY**

Statement of Authorizations

Section 1. General Conditions

This Statement of Authorizations describes the activities that the Keene Housing Authority (KHA) may carry out under the Moving to Work Demonstration program (MTW), subject to the terms and conditions of the Moving to Work Demonstration Agreement (MTW Agreement) between the KHA and the U.S. Department of Housing and Urban Development (HUD).

KHA's MTW demonstration program applies to all of KHA's public housing units and tenant-based Section 8 assistance, as provided in this Agreement.

Section 2. Plan Elements

On the terms provided in this Agreement, the KHA is authorized to design and carry out a demonstration program under MTW to promote self-sufficiency through mechanisms such as graduated rents for MTW participants, a Workfare program for residents who are not able to pay the minimum rent, relaxing recertification requirements, and focusing staff time on case management and working with residents to set and achieve work and self-sufficiency goals. The KHA has named their demonstration the "SPECTRUM Housing Program" (SPECTRUM).

A. Occupancy Policies

1. Participation in SPECTRUM will be mandatory for all new and current KHA residents and Section 8 participants. The following exceptions may apply:
 - a. Elderly households (as defined by law). Such households may choose to

be exempt from the employment goals, work requirements, MTW rents, or other portions of the Spectrum program.

- b. Households headed by an individual with disabilities. Such households may choose to be exempt from the employment goals, work requirements, or MTW rents, or other portions of the Spectrum program as necessary.
- c. Existing Family Self-Sufficiency (FSS) tenants will participate in SPECTRUM but may elect to retain elements contained in the FSS program such as the escrow account.
- d. Section 8 voucher and certificate holders will participate in SPECTRUM but may elect to retain their current lease and Housing Assistance Payments (HAP) Agreements.

2. All SPECTRUM participants will be required to:

- a. Undergo an assessment by the Resident Self Reliance staff;
- b. Enter into an agreement with KHA setting appropriate Resident Self-Reliance goals such as:
 - 1. Educational goals;
 - 2. Job training or skills enhancement goals;
 - 3. Parental or family goals;
 - 4. Employment goals; and
 - 5. Day care goals.
 - 6. Other goals as appropriate.
- c. Sign a Resident Self Reliance (RSR) contract.

Failure by a resident or an applicant to sign the RSR contract will result in termination or denial of assistance. Denial of assistance in the context of this demonstration program and SPECTRUM means that the resident's gross rent, upon statutory notice, will increase to the applicable fair market rent (FMR) for the appropriate sized unit.

3. Reasonable progress towards the mutually agreed upon RSR goals is a condition for continued assistance.
4. Tenant-based Section 8 assistance under SPECTRUM will be limited to five years. However, a participant may request and KHA may approve an extension of up to two years if the resident is in good standing and is making reasonable progress towards their Resident Self-Reliance (RSR) goals, as described in Section 2.B.1 of this Agreement. Residents terminated from housing assistance as a result of the time limits may reapply for housing assistance, and the KHA must adopt a reasonable hardship policy.
5. Recertification requirements will change as follows:

KHA will reexamine tenant income and characteristics and submit to HUD updated Multifamily Tenant Characteristics System (MTCS) data annually. Formal reexaminations/recertifications will be required at least once every two years in the manner currently prescribed by HUD. In any year where the HUD-prescribed reexamination/recertification is not conducted, the KHA will instead make reasonable efforts to accurately determine tenant income and characteristics and will report this information to HUD. Such determination may take the form of tenant self-certification, provided that the KHA reviews and confirms such information with the tenant either by phone or through an in-person interview. Third party verification in such years will be at the discretion of the KHA. Tenants must continue to execute a HUD-approved release and consent form as specified in 24 C.F.R. 5.617(b)(1) at least annually.

B. Family Self-Sufficiency Plans

1. KHA's FSS program will accept no new admissions and will be replaced by the SPECTRUM Housing Program's Resident Self Reliance (RSR) Program. KHA's RSR program will be considered the equivalent of the FSS program for purposes of meeting eligibility requirements for any self-sufficiency coordinator funding provided by HUD throughout the course of the demonstration.
2. All current FSS program participants will have the option of continuing to utilize their escrow accounts available under FSS or electing to utilize the Step Rent system under the SPECTRUM program.
3. FSS program participants who continue to utilize the escrow account option in the FSS program and do not elect to utilize the Step Rent system under the

SPECTRUM program will be allowed to retain their FSS escrow accounts. The FSS escrow will not be available to the family until they successfully complete their FSS contracts, are residents or participants in good standing at the time of completion, and leave all KHA programs.

C. Section 8 Program Changes

1. The Section 8 certificate and voucher programs will be merged into one program which will be called the Housing Assistance Coupon (HAC) program. Priority on the HAC waiting list will be given to Public Housing SPECTRUM residents in good standing who are at least six (6) months into the second step of their Public Housing SPECTRUM Housing Program.
2. Portability will be restricted as follows: MTW families may not move outside of the KHA jurisdiction except if a family applies for and receives an exception from this rule as a reasonable accommodation for a disability or for other good cause. The KHA will allow Section 8 vouchers and certificates to port into the KHA jurisdiction.

D. SEMAP

1. KHA will report on, and be scored on all SEMAP indicators except the following:
 - a. Indicator 2- Rent Reasonableness
 - b. Indicator 8- FMR Limit and Payment Standard
 - c. Indicator 10-Correct Tenant Rent Calculations
 - d. Indicator 14- Family Self-Sufficiency Enrollment
2. KHA will receive an overall SEMAP score based on the remaining indicators that KHA reports on under SEMAP.

D. Funding

1. Funding will be provided as described in Attachment A.
2. The KHA may expend modernization funds (including any unobligated modernization funds remaining from grants provided prior to the execution of this Agreement) to carry out any MTW activity consistent with this Agreement, provided that the KHA:
 - a. retains adequate accounting records to indicate the sources and uses of all funds

- b. records and draws down funds programmed for MTW activities on MTW-designated line items on relevant HUD forms
- c. does not accelerate the draw down of funds in order to fund reserves

Attachment A

Calculation of Subsidies

Definitions in this Attachment

Initial Year = The first Agency fiscal year in which the Agency begins operating under its MTW authority, which may be the same year as that in which the Agreement is executed.

Base Year = The most recently completed Agency fiscal year prior to the Initial Year.

MTW Units = Units authorized for participation in MTW activities, as provided in Section 1 of the Appendix to this Agreement.

1. Scope

The subsidy calculation mechanisms provided below apply only to the portion of the HA's assisted housing units that are included within the scope of the authorized demonstration ("MTW units"), as provided in Section 1 of the Appendix to the MTW Agreement.

2. Methodology

a) Operating Subsidy

The calculation of Operating Subsidy under the Performance Funding System will be modified in the following manner.

Initial year of MTW Participation:

Take the average dwelling rental charge per unit (Line 14) of the approved HUD-52723 for the most recently completed Agency fiscal year. Multiply this figure by the inflation factor (Line 06 of the HUD-52723) for the HA's initial fiscal year under the MTW demonstration. The result of this calculation is the per unit dwelling rental income for all MTW units (MTW PUM).

Combine the MTW PUM in a weighted average with the PUM for all non-MTW units in the Agency's stock. Enter the result of this calculation (the Agency's MTW-weighted average dwelling rental charge per unit) on line 14 of the HUD-52723.

Second and Subsequent Years of MTW Participation:

Repeat the calculation procedure from the initial year, except that, in each year,

the MTW PUM will be the product of the previous year's MTW PUM multiplied by the current inflation factor (Line 06 of the HUD-52723).

b) Modernization Funding

The agency may use modernization funds for MTW activities authorized by this Agreement, up to an amount that represents the same proportion of the Agency's total modernization funding as the proportion of the Agency's public housing units in MTW are to the total number of the Agency's public housing units.

All funds programmed for MTW purposes will be recorded and drawn down from MTW-designated line items on relevant HUD forms.

c) Section 8 Tenant Based Assistance

Units Eligible for Inclusion

Conversion of existing Section 8 certificates and vouchers to Moving to Work units will be conducted according to instructions provided by HUD. A list of Section 8 units eligible for inclusion in the block grant ("MTW units") upon execution of this Agreement will be provided by HUD along with the instructions.

Calculation of Annual Subsidy

Initial year of MTW Participation:

- a) For the certificate and voucher programs, respectively, divide Total Funds Required by the Number of Unit Months, as provided in year-end settlement data for the base year. Combine the sum of these calculations in a weighted average to calculate a weighted, base year per unit cost (PUC). Multiply this amount by the inflation factor established for the calculation of renewals to arrive at an inflation-adjusted, MTW program per unit cost (MTW PUC) for the initial year.
- b) Multiply the MTW PUC by the total number of MTW units and the number of months $[MTWPUC \times MTW \text{ Units} \times 12]$ to arrive at a total MTW subsidy amount to be disbursed that year

Second and Subsequent Years of MTW Participation:

- a) Multiply the total MTW subsidy from the previous year by the annual inflation factor established for the calculation of renewal of Section 8 contracts to arrive at the current year's inflation-adjusted subsidy.

Reserves

- a) An amount equal to two months' program costs ($\text{PUC} \times \text{MTW units} \times 2$) will be made available from existing Agency reserves for use as project reserves for MTW-eligible units.
- b) There will not be a year-end settle-up of annual funds provided for MTW units. All funds provided through this calculation will remain available for authorized purposes

